

## Message Text

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TO AMEMBASSY CANBERRA PRIORITY

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TODEP 23, TEHRAN FOR RUTHERFORD POATS

FOL RPT CAIRO 10209 ACTION SECSTATE 30 JUL QUOTE

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TAGS: ECON, EAGR, BEXP, US, EG

SUBJECT: AGRIBUSINESS COUNCIL DECIDES TO CONTINUE SEARCH FOR  
INVESTMENT OPPORTUNITIES IN EGYPT

REF: (A) CAIRO 9126, (B) CAIRO 10090

1. BEGIN SUMMARY. AGRIBUSINESS COUNCIL/OPIC TEAM VISITED  
CAIRO JULY 12-20 IN SEARCH OF INVESTMENT OPPORTUNITIES. MUELLER  
AND WALLACE RETURNED TO CAIRO, AFTER VISIT TO TUNISIA, TO  
COMPLETE MISSION FROM JULY 25-27. ON BASIS DISCUSSIONS HELD WITH  
MINHOUSING AND RECONSTRUCTION OSMAN AND PRESIDENT SADAT,  
AGRIBUSINESS COUNCIL HAS DECIDED SEND FOLLOW-UP TEAM, WITHIN  
4 WEEKSN TO DEVELOP PROJECT PROFILES (PRE-FEASIBILITY STUDIES)  
WHICH IS NEXT STEP IN INVESTMENT IDENTIFICATION PROCESS. MUELLER  
TOLD AMBASSADOR DURING FINAL MEETING JULY 27 THAT HE IS OPTIMISTIC  
THAT SATISFACTORY PROFILES WILL BE DEVELOPED AND THAT HE WILL BE  
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ABLE TO MOUNT FULL-SCALE INVESTMENT MISSION WHICH COULD RESULT

IN FINALIZATION APPROXIMATELY SIX AGRIBUSINESS PROJECTS IN EGYPT.  
END SUMMARY.

2. AGRIBUSINESS COUNCIL REP MUELLER AND OPIC VICE PRESIDENT MCCALLUM, ACCOMPANIED BY AGRIBUSINESS COUNCIL ASSOCIATE WALLACE AND TVA'S HENDERSON, VISITED EGYPT AT INVITATION MINHOUSING AND RECONSTRUCTION JULY 12-20 TO DISCUSS INVESTMENT BY AGRIBUSINESS COUNCIL MEMBERS WITH POSSIBLE FINANCING FROM OPIC. COUNCIL PRESENTED PROPOSAL WHICH INCLUDED FOLLOWING STEPS: A) DEVELOPMENT OF SIX PROJECT PROFILES (PRE-FEASIBILITY STUDIES), B) IDENTIFICATION OF INTERESTED INVESTORS, C) DECISION-MAKING MISSION TO EGYPT BY EXECUTIVES OF INTERESTED CORPORATIONS AND D) COUNCIL FOLLOW-UP ASSISTANCE. REPS WERE AWARE OF PITFALLS ENCOUNTERED BY PREVIOUS POTENTIAL INVESTORS AND HAD FRANK DISCUSSIONS WITH MINISTER OSMAN AND OTHERS.

3. BECAUSE OF PRESIDENT SADAT'S UNEXPECTED TRIP TO SAUDI ARABIA JULY 17, TEAM DID NOT HAVE OPPORTUNITY TO MEET WITH HIM DURING PORTION OF VISIT WHICH ENDED WITH PRE-PLANNED DEPARTURE FOR TUNISIA JULY 20. OSMAN, THEREFORE, INVITED TEAM TO RETURN FOR MEETING WITH PRESIDENT SADAT WEEK JULY 25. OPIC TEAM MEMBERS MCCALLUM UNFORTUNATELY FORCED TO RETURN TO WASHINGTON FROM TUNISIA; BUT MUELLER AND WALLACE RETURNED JULY 25 AND MET WITH SADAT IN ALEXANDRIA JULY 27. MUELLER DESCRIBED MEETING WITH SADAT AS ENCOURAGING. SADAT SAID SEVERAL TIMES HE PERSONALLY SUPPORTS AGRIBUSINESS INVESTMENT AND REFERRED TO HIS ORDER TO OSMAN TO TAKE CHARGE OF GETTING THINGS MOVING IN THIS VITAL SECTOR. MUELLER VIEWED AS INTERESTING (AND SO DO WE) SADAT'S STATEMENT THAT HE IS GOING TO MAKE AGRIBUSINESS INVSTMENT PROGRAM WORK EVEN IF, INTER ALIA, HE MUST CHANGE EXISTING LAWS (PRESUMABLY LAW 43).

4. IN FINAL DEBRIEFING WITH AMBASSADOR JULY 27, MUELLER SAID HE HAD TAKEN DECISION TO PURSUE INVESTMENT PROGRAM IN EGYPT. ACCOMPANYING DELEGATION MEMBER WALLACE WILL RETURN TO CAIRO IN FOUR WEEKS TO HEAD TEAM OF EXPERTS TO PREPARE APPROXIMATELY SIX PROJECT PROFILES. AMBASSADOR ASKED ABOUT FINANCING FOR PROJECTS. MUELLER INDICATED THAT LIMITED OFFICIAL USE

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OPIC PARTICIPATION AND INSURANCE WILL BE AVAILABLE. WITH OPIC INSURANCE AVAILABLE, FINANCING FROM AMERICAN BANKS IN EGYPT WOULD PROBABLY BE POSSIBLE. MUELLER SAID THAT HE HAD SENT LETTER TO OSMAN DESCRIBING WHAT AGRIBUSINESS COUNCIL NEXT STEPS WOULD BE (SEE PARA 2 ABOVE) AND WHAT EGYPTIANS EXPECTED TO DO. OSMAN ACKNOWLEDGED LETTER (MUELLER HAD PREPARED REPLY) AND AGREED TO PROGRAM AS OUTLINED BY MUELLER. WALLACE PROMISED TO KEEP US INFORMED

ABOUT NEXT STEPS. MUELLER SAID THAT ON BASIS HIS DISCUSSIONS WITH PRESIDENT SADAT HE IS CONVINCED AGRICULTURE HAS A HIGH PRIORITY IN EGYPTIAN DEVELOPMENT AND THAT PRESIDENT WANTS TO GET SOMETHING STARTED IN AGRIBUSINESS.

5. EMBASSY OFFERED ASSISTANCE TO RETURNING TECHNICAL TEAM, BUT WALLACE ASKED THAT WE NOT FOLLOW-UP AT THIS STAGE. HE SAID, (WISELY, WE BELIEVE) THAT EGYPTIANS MUST PROVE THAT THEY ARE CAPABLE OF CARRYING THROUGH ON THEIR PROMISES.

6. COMMENT. AS DEPARTMENT AWARE, OSMAN NOW NEGOTIATING WITH ARIZONA LAND AND CATTLE, COCA COLA, WEBSTER INTERNATIONAL, AND AG INTERNATIONAL, AS WELL AS AGRIBUSINESS COUNCIL, IN EFFORT TO SPUR AGRIBUSINESS DEVELOPMENT. AS REPORTED REFTEL, MECHANISM FOR HIM TO EXERCISE AUTHORITY IN THIS FIELD, NAMELY COMMITTEE INCLUDING MINAGRICULTURE AND MINECONOMY HAS NOT YET BEEN FULLY CONSTITUTED. NEVERTHELESS OSMAN LEAVING COMPANIES WITH IMPRESSION HE INTENDS TO DEAL EFFECTIVELY WITH THEM AND WE CAN ONLY HOPE THAT HE IS ABLE TO SUCCEED IN CUTTING RED TAPE, AND IN DEALING WITH BROAD RANGE OF SUBSTANTIVE AND PHILOSOPHICAL PROBLEMS WHICH HAVE HINDERED INVESTMENT THUS FAR. EILTS

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